

62A500 (P) (11-12)

2013 PERSONAL PROPERTY TAX FORMS AND INSTRUCTIONS

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This packet contains forms and instructions for filing your 2013 tangible personal property tax return.

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- File with the Property Valuation Administrator of the county of taxable situs (see pages 9 and 10) or Department of Revenue by May 15, 2013. All returns postmarked *after* May 15, 2013, will be assessed for the tax plus applicable penalties and interest by the Department of Revenue.
- **THERE IS NO FILING EXTENSION PROVISION FOR TANGIBLE PERSONAL PROPERTY TAX RETURNS.**
- Tangible personal property tax returns filed after May 15, 2013, will not be allowed a discount.
- **Enter your Social Security or Federal Employer Identification Number** on all returns, schedules, attachments and correspondence.
- **Staple all pages of each return together.**
- **Sign all returns and list appropriate telephone numbers and an email address (if applicable).**
- **DO NOT FILE** personal property tax returns with the income tax return.
- **DO NOT SEND PAYMENT WITH THE RETURN.** Timely filed tangible returns will be billed no earlier than September 15 and are payable to the county sheriff.

Should you have any questions regarding the tangible personal property tax returns, please do not hesitate to contact the State Valuation Branch at (502) 564-2557. Go to www.revenue.ky.gov to download forms.



INSTRUCTIONS

TANGIBLE PROPERTY TAX RETURNS

(REVENUE FORMS 62A500, 62A500-A, 62A500-C, 62A500-L, 62A500-S1, 62A500-W and 62A500-MI)

Definitions and General Instructions

The tangible personal property tax return includes instructions to assist taxpayers in preparing Revenue Forms 62A500, 62A500-A, 62A500-C, 62A500-L, 62A500-S1, 62A500-W and 62A500-MI. These instructions do not supersede the Kentucky Constitution or applicable Kentucky Revised Statutes.

Taxpayer—All individuals and business entities who own, lease or have a beneficial interest in taxable tangible property located within Kentucky on January 1 **must** file a tangible property tax return. All tangible property is taxable, except the following:

- personal household goods used in the home;
- crops grown in the year which the assessment is made and in the hands of the producer;
- tangible personal property owned by institutions exempted under Section 170 of the Kentucky Constitution.

The tangible return and instructions do not apply to real property, registered motor vehicles, apportioned vehicles or the following classes of property which should be reported to the Public Service Branch:

Commercial aircraft.
Commercial watercraft.
Distilled spirits held in bonded warehouses.
Public Service Companies taxed under the provisions of KRS 136.120.
Communications Service Providers.
Multi-Channel Video Programming Service Providers.

Report Commercial Aircraft on Form 61A206.

Report Commercial Watercraft on Form 61A207.

Report Distilled Spirits in bonded warehouses on Annual Report of Distilled Spirits in Bonded Warehouses, Form 61A508.

Report Public Service Companies on Public Service Tax Return, Form 61A200.

Report Communications Service Providers and Multi-Channel Video Programming Service Providers on Form 61A500.

Communications Service Providers and Multi-Channel Video Programming Service Providers are required to report property taxed under KRS 132 on Form 61A500. This includes:

- All telephone companies (including paging services)
- All cable television companies
- All Direct Broadcast Satellite (DBS) companies
- Wireless cable Direct Broadcast Companies
- Voice Over Internet Protocol (VOIP)
- Internet Protocol Television Service (IPTV)

Assessment Date—The assessment date for all tangible personal property is January 1.

Situs of Tangible Property—The taxable situs of tangible personal property in Kentucky is in the county where the property is physically located on January 1.

Filing Requirements—To properly report, note the following:

- Kentucky does not allow consolidated and joint returns.
- File a tangible property tax return for **each property location** within Kentucky.
- The return **must include** the property location by street address and county. A post office box is not acceptable as the property address.
- File the return between January 1 and May 15. If May 15 falls on a weekend, the return is due the first business day following May 15.
- **Do not enclose the tangible return with the income tax return.**
- File the return with the Property Valuation Administrator (PVA) in the county of taxable situs or with the State Valuation Branch. See pages 9 and 10 for a complete listing of mailing addresses.
- **THERE IS NO FILING EXTENSION FOR THIS RETURN.**

Payment of Taxes—Do not send payments with your return. The sheriff in each county mails the tax bills no earlier than September 15. Returns filed after the due date of the return are billed by the State Valuation Branch.

Classification of Property—Real property includes all lands within this state and improvements thereon. Tangible personal property is every physical item subject to ownership, except real and intangible property.

Lessors and Lessees of Tangible Personal Property—Leased property must be listed by the owner on Revenue Form 62A500, regardless of the lease agreement's terms regarding tax liability. ***Classify leased assets based upon their economic life.*** If the lessee is obligated to purchase the property (i.e., capital lease), he is deemed the owner and is required to list such property. If the lease terms do not obligate the lessee to purchase the property (i.e., operating lease), the lessor is deemed to be the owner and is required to list such property. The tax return must contain the name of the lessee and location of property. The lessee must file Revenue Form 62A500-L.

Property leased to Communications Service Providers and Multi-Channel Video Programming Service Providers under an operating lease must be reported on Form 62A500 by the lessor.

Tangible property leased by a Public Service Company as defined by KRS 136.120 must be reported by the Public Service Company as if they are the owner of the leased property.

Tangible property leased to local governmental jurisdictions is exempt from state and local tax under the Governmental Leasing Act. Tangible property leased to any other tax-exempt entity must be reported by the lessor. Tangible property leased from tax-exempt entities by nonexempt lessees must be reported by the lessee.

Depreciable Assets—List depreciable assets on the appropriate schedule(s) at original cost. Apply appropriate factor(s) to obtain reported value. Do not use book depreciation for computing the fair cash value of depreciable assets. Noncommercial aircraft and federally documented watercraft (boats) should be categorized and listed on the appropriate forms. However, they are not depreciable pursuant to Schedule A or B factors. See line-by-line instructions for details.

Manufacturing Machinery—List machinery actually engaged in the manufacturing process, whether owned or leased, on Revenue Form 62A500, Schedule B. Manufacturing begins at the point the raw material enters a process and is acted upon to change its size, shape or composition and ends when the product is in saleable condition. **All activities preceding the introduction of the raw material into the manufacturing process and following the point at which the finished product is packaged or ready for sale are not manufacturing activities.**

Inventories—List inventories at fair cash value using full absorption first-in-first-out (FIFO) costing. Such costs include freight, labor, taxes and duties. LIFO deductions are not allowable. See line 31 instructions for details. The owner of consigned manufacturing or merchandising inventory must list the property. Kentucky merchants must list merchandise consigned by a nonresident on the Consignee Tangible Personal Property Tax Return, Revenue Form 62A500-C. For consignee reporting requirements, see the instructions for Revenue Form 62A500-C.

Automobile dealers must report **all** vehicles whether new, used, dealer assigned, titled, untitled, registered, or unregistered held for sale as motor vehicle inventory. Vehicles titled to dealers for their personal use are the only exception. List these vehicles on Form 62A500, Schedule C. All new vehicles are valued at the dealer's cost and used vehicles are valued at the NADA clean trade-in value. Include a list of motor vehicles with the 62A500-S1 return. The list must include make, model, year, Kentucky license plate number, if applicable, and vehicle identification number (VIN).

Farming Equipment and Livestock—Farm implements, farm machinery and livestock owned by, or leased to, a person actually engaged in farming should be reported on Form 62A500. See line 50 instructions for details.

Foreign Trade Zones—Tangible property located within an **activated** foreign trade zone, as designated under Title 19 U.S.C. Sec. 81, is subject to a state rate only. The business must file a tangible return to claim Foreign Trade Zone status. Attach a copy of the foreign trade zone certificate.

Pollution Control Facility—Tangible property of a qualifying pollution control facility is subject to a state rate only. A taxpayer must have an approved pollution control exemption certificate issued by the Kentucky Department of Revenue, Division of Sales and Use Tax, using Form 51A149. This must be approved by the January 1st assessment date. List qualifying property on Form 62A500, Schedule B.

Fluidized Bed Energy Production Facilities—Property certified as a fluidized bed energy production facility as defined in KRS 211.390 is subject to a state rate only.

Industrial Revenue Bonds—Tangible personal property owned and financed by a tax-exempt governmental unit or tax-exempt statutory authority, as defined under KRS 103.200, is subject to a state rate only. This includes all privately owned leasehold interests in industrial buildings owned and financed by a tax-exempt governmental unit or tax-exempt statutory authority. Report property value on Form 62A500, line 39. See line-by-line instructions for details.

Rebuilds or Capitalized Repairs—Cost figures for rebuilt equipment must be segregated according to "original" and "rebuild" costs and listed under two economic life classes on the tangible

personal property tax return. The original cost of all assets is included in the year of acquisition in the appropriate class life. Any rebuild(s) capitalized for book or tax purposes are to be entered in the appropriate class life for the expected life of the rebuild. If a second rebuild occurs, the second rebuild is again included in age 1 of the appropriate class for the expected life of that rebuild. The first rebuild is then deleted from the original cost column and dropped from the valuation process.

Exceptions to the Fair Cash Value Computation

Taxable property inoperable and held for disposal as of the assessment date may be valued separately. List this property on Schedule C and include an affidavit explaining the circumstances and the basis for valuation. Such property is valued as follows:

- if component parts have been removed and the remainder is useless to the business, report the actual scrap or salvage value; or
- if a visual inspection confirms that useful life has not ended, the true value is the greater of its depreciated book value or the actual salvage value; or
- property sold on or before the due date of the return through a proven arm's length transaction, is reported at the selling price.

Temporary idleness is not sufficient cause for separate valuation. This includes idleness attributed to seasonal operation or from repair or overhaul of equipment. Idled equipment no longer actually engaged in manufacturing is deemed to be Schedule A property and subject to full local rates.

Listing and Valuing Tangible Personal Property

List depreciable property on Form 62A500, Schedule A or B, based on its economic life. To assist taxpayers in determining proper economic life classification a partial listing of North American Industrial Classification System (NAICS) codes is included. Property descriptions frequently used in these specific industries are listed under each code. Most businesses have property falling into more than one economic life classification. **Use the chart as a general guide.**

An asset listing of each item of property must be available to the Department of Revenue upon request. The asset listing should include original cost, make, model, serial number and/or other identification numbers.

Fair Cash Value Computation

The fair cash value computation begins with cost. Cost must include inbound freight, mill-wrighting, overhead, investment tax credits, assembly and installation labor, material and expenses, and sales and use taxes. Premium pay and payroll taxes are included in labor costs. Costs are not reduced by trade-in allowances. Capitalize costs of major overhauls in the year in which they occur.

Cost should be net of additions, disposals and transfers occurring during the year. Multiply aggregate cost by the applicable conversion factor to determine reported value. The column totals represent the total original cost and total reported value of each class of property. Original cost totals must generally reconcile with the book cost. **NOTE: Property written off the records, but still physically on hand, must be included in the computation.**

GENERAL INFORMATION

Revenue Form 62A500

Alternative Reporting Requirement

Tangible property should be reported using the composite factors, methods, and guidelines provided with Form 62A500.

If a taxpayer believes the composite factors in the return have overvalued or undervalued the property, the taxpayer may petition the Department of Revenue to accept an alternative reporting method. The taxpayer must file the return and affidavit of alternative valuation with the **State Valuation Branch, not the local PVA**. The affidavit must include a proposed alternative valuation method, justification of the method chosen, detailed documentation, including, but not limited to: independent appraisals, actual production, and sales and usage reports, that support the proposed method. **Accepting the alternative valuation method as filed in order to expedite the processing of the return, does not affect the department's right to eventually audit the return and the method used.**

For valuation information or assistance in filing this return, contact the PVA in your county (see the addresses and telephone numbers in these instructions) or the State Valuation Branch at (502) 564-2557. Go to www.revenue.ky.gov to download forms.

General Information—The following information is required to accurately process the return.

- Social Security number or Federal Employer Identification Number;
- NAICS code that most closely identifies your business activity;
- type of business activity;
- tangible personal property listings in other Kentucky counties (check appropriate box);
- name and address of business;
- property location (street address);
- county where the property is physically located;
- organization type (check appropriate box); and
- taxpayer signature, email, and telephone number and the preparer's (other than taxpayer) name and contact information at the bottom of Form 62A500, Schedule C.

Failure to properly complete the general information section may result in omitted property notices, subject to penalties and interest.

Instructions for Lines 11–16 and 21–26 (Depreciable Assets)

Schedule A property includes, but is not limited to:

- business furniture and fixtures;
- professional trade tools and equipment;
- signs and billboards;
- drilling, mining and construction equipment;
- mini- and mainframe computers; and
- telephone, cable and cellular towers.

Schedule B property includes:

- qualifying commercial radio, television and telephonic equipment;
- qualified pollution control facilities; and
- manufacturing machinery and computer equipment controlling the machinery; and
- radio and television towers.

Schedules A and B list six economic life classes. **Property is classified by the expected economic life, not the depreciable life used for accelerated income tax purposes.**

The age of property, whether purchased new or used, is determined as follows: property purchased in the year prior to the assessment date is age 1; purchases made 2 years prior are age 2; etc. Assets listed into Classes I, II and III, whose ages exceed the maximum age for each class (13 years), should be aggregated on "Age 13+" of the original cost column. Assets listed into Classes IV and V whose ages exceed the maximum age for each class (27 years) should be aggregated on "Age 27+" of the original cost column. As long as an asset is in use, it is valued using the appropriate factor as determined by its class and age. For Class VI assets whose age is greater than 27 years contact the State Valuation Branch for the appropriate factor.

Multiply the original cost by the conversion factor to arrive at the reported value. Add original costs for each class to determine the total original cost by class. Add reported values for each class to determine the total reported value by class. The column totals for original cost and reported value for each class of property are listed in the space provided for Schedule A and B property on Form 62A500, page 1. The grand total of original cost and reported value for all classes of property are summarized on lines 17 and 27.

All fully depreciated assets must continue to be reported, as long as they are on hand, in the manner described above.

Line-by-Line Instructions

The following describes the various property categories. Report these values on Form 62A500, page 1.

31 Merchants Inventory—Merchants inventory represents goods held for sale or machinery and equipment that originated under a floor plan financing agreement. It may include retail goods, wholesale goods, consigned goods and goods held by a distributor. *Attach a separate schedule for machinery and equipment reported as inventory.*

Used Boats Held for Sale by a Licensed Boat Dealer—(A separate schedule, Form 62A500-MI, is included with this instruction package.)

32 Manufacturers Finished Goods—Manufacturers finished goods represent products that have been manufactured and are ready for sale or shipment.

33 Manufacturers Raw Materials—This group includes raw materials actually on hand at the plant for the purpose of introduction to the manufacturing process. It does not include unmanufactured agricultural products. *List raw materials not on hand at the plant on line 35.*

Manufacturers Goods in Process—Manufacturers goods in process include inventory that has been acted upon in some manner, but has not completed the manufacturing process.

34 Motor Vehicles Held for Sale (Dealers Only)—Motor vehicles held for sale shall be subject to property tax as goods held for sale in the regular course of business and are subject to a state rate only, valued at dealer's cost, if new and NADA clean trade-in value, if used. *(A separate schedule, Form 62A500-SI, is included with this instruction package.)*

Rental Vehicles of a Motor Vehicle Dealer are *not* considered as Inventory—Nonregistered motor vehicles used in the operation of the motor vehicle dealership such as loaner/rental vehicles used in the service department for customers to drive while services are

being rendered on their motor vehicle. These motor vehicles should be registered with the county clerk and property tax paid at that time. Nonregistered rental/loaner motor vehicles should be listed on Schedule A, Class III.

Service department motor vehicles of a motor vehicle dealer are not considered as Inventory—**Nonregistered** pick up motor vehicles, wreckers, towing vehicles, etc. used in the service department of a motor vehicle dealer. These motor vehicles should be registered with the county clerk and property tax paid at that time. Nonregistered service department motor vehicles should be listed on Schedule A, Class III.

Salvage Titled Vehicles (Insurance Companies Only)—Salvage titled motor vehicles held by an insurance company are subject to tax as goods held for sale in the regular course of business and are reported on line 34.

New Farm Machinery Held Under a Floor Plan—New farm machinery and other equipment held in the retailer's inventory for sale under a floor plan financing arrangement by a retailer, are subject to a state rate only.

New Boats and Marine Inventory (Dealers Only)—New boats and new marine inventory held for retail sale under a floor plan financing arrangement by a dealer registered under KRS 235.220 are subject to a state rate only.

Nonferrous metal located in a commodity warehouse and held on warrant is subject to a state rate only.

35 Goods Stored in Warehouse/Distribution Center—Report personal property placed in a warehouse or distribution center for shipment to a Kentucky destination or held longer than six months on line 35.

36 Goods Stored in Warehouse/Distribution Center—in Transit—Personal property placed in a warehouse or distribution center for purposes of further shipment to an out-of-state destination shall be reported on line 36. The owner of the property must demonstrate that the personal property will be shipped out of state within the next six months. Property shipped to in-state destinations or held longer than six months is reported on line 35.

This property classification is exempted from state, county, school and city tax and may be subject to special district taxation.

37 Unmanufactured Tobacco Products not at Manufacturers Plant nor in the Hands of the Grower or His Agent—Tobacco grown in the year of assessment is exempt from taxation in that year. Such products still on hand as of January 1 of the following year would be taxable. This property is subject to a state property tax rate and a county/city tax rate.

38 Other Unmanufactured Agricultural Products not at Manufacturers Plant nor in the Hands of the Grower or His Agent—Any unmanufactured agricultural products, other than tobacco not in the hands of the manufacturer, grower or the grower's agent, are subject to a state tax rate and a county/city tax rate.

39 Unmanufactured Agricultural Products at Manufacturers Plant or in the Hands of the Grower or His Agent—Any unmanufactured agricultural products actually in the hands of the manufacturer, grower or the grower's agent are subject to a state tax rate only.

Industrial Revenue Bond Property—Tangible personal property purchased with an industrial revenue bond (IRB) is subject to taxation at a state rate only. **This rate shall not apply to the portion of value of the leasehold interest created through any private**

financing. Upon expiration of the bond, property is fully reportable on Schedules A and B at the appropriate age. The information necessary for calculation of taxable value of IRB property includes the following:

- the amount of the bond,
- the real property assessment,
- the personal property assessment,
- the life of the bond, and
- recipient of the property upon full amortization of the bond.

The valuation of industrial revenue bond personal property contemplates ownership upon full amortization of the bond issue. If the property converts to the private entity upon full amortization, the property is assessed higher as the bond ages and as the private enterprise assumes a greater leasehold interest.

The following example provides the basics of IRB property valuation:

Total industrial revenue bond value	—	\$11,000,000
Real property valuation	—	\$1,000,000
Life of the bond issue	—	20 Years
The private entity receives the IRB property upon amortization of the issuance.		
Total industrial revenue bond		\$11,000,000
Less: Real property valuation		(\$ 1,000,000)
Tangible personal property cost		\$10,000,000

All machinery purchased under the IRB must first be segregated and calculated as described for lines 11–16 and 21–26.

Step 1: \$10,000,000 X Economic Life Factor =
Reported Value

Step 2: Reported Value X Actual Property Age/20
(e.g., life of the IRB)

Step 3: Carry Step 2 result to Form 62A500, line 39.

Conversely, if the tax-exempt statutory authority ultimately receives the property, the assessed valuation for taxation purposes begins at 100 percent and is fully amortized over the life of the bond.

Contact the State Valuation Branch at (502) 564-2557 with questions or for additional information and instruction.

Qualifying Voluntary Environmental Remediation Property—Provided the property owner has corrected the effect of all known releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum products located on the property consistent with a corrective action plan approved by the Energy and Environment Cabinet pursuant to KRS 224.01-400, 224.01-405, or 224.60-135, and provided the cleanup was not financed through a public grant or the petroleum storage tank environmental assurance fund, the property may be reported on Line 39. This rate shall apply for a period of three (3) years following the Energy and Environment Cabinet's issuance of a No Further Action Letter or its equivalent, after which the regular tax rate shall apply.

50 Livestock and Farm Equipment—List the fair cash value of all owned or leased farm equipment and livestock.

Fluidized Bed Energy Production Facilities—Property certified as a fluidized bed energy production facility as defined in KRS 211.390 is subject to taxation at a state rate only. See instructions for lines 11–16 to calculate the value of certified property.

60 Other Tangible Personal Property—List the totals from Schedule C on Form 62A500, line 60.

Schedule C property includes:

- aircraft for hire (not reported on Form 61A200);
- non-Kentucky registered watercraft (not reported on Form 61A207);
- U.S. Coast Guard documented watercraft used for commercial purposes (not reported on Form 61A207);
- **materials, supplies and spare parts;**
- investment properties such as coin, stamp, art or other collections;
- research libraries; and
- precious metals.

List aircraft for hire on the appropriate line on Schedule C at fair market value.

Materials, supplies and spare parts, normally expensed, must be segregated and valued separately. Any supplies included in inventory should be removed from the inventory value and reported on Schedule C. In all cases, list such property at original cost.

Supply items are valued at original cost in the amount on hand at year-end. Returnable containers, such as barrels, bottles, carboys, coops, cylinders, drums, reels, etc., are valued separately at original cost. In absence of year end totals, use the yearly expense accounts total divided by 12.

List the fair market value of all coin collections, stamp collections, art works, other collectibles and research libraries. List the number of ounces of all gold, silver, platinum and other precious metals. If the market value of a precious metal is known, list the value per ounce as of the preceding December 31 in the Value Per Ounce column. Multiply the number of ounces by the value per ounce to determine the total fair market value.

70 Activated Foreign Trade Zone—Tangible personal property located within an activated foreign trade zone as designated under Title 19 U.S.C. Section 81 is subject to taxation at a state rate only. Complete Form 62A500 using the composite conversion factors for depreciable assets.

81 Construction Work in Progress (Manufacturing Machinery)—Machinery and equipment that eventually becomes part of the manufacturing process is classified as manufacturing machinery during the construction period. Report such property at original cost.

82 Construction Work in Progress (Other Tangible Property)—During the construction period, list all tangible property that does not become part of the manufacturing process on line 82. **NOTE:** Tangible property includes contractor’s building components.

90 Recycling Machinery and Equipment—List machinery or equipment, not used in a manufacturing process, owned by a business, industry or organization in order to collect, source separate, compress, bale, shred or otherwise handle waste materials if the machinery or equipment is primarily used for recycling purposes (KRS 132.200(15)). *Examples:* balers, briquetters, compactors, containers, conveyors, conveyor systems, cranes with grapple hooks, crushers, densifiers, exhaust fans, fluffers, granulators, lift-gates, magnetic separators, material recovery facility equipment, pallet jacks, perforators, pumps with oil, scales, screeners, shears, shredders, two-wheel carts and vacuum systems. Use the trending factors in the Miscellaneous Worksheet to age the equipment.

Revenue Form 62A500-A

Noncommercial Aircraft — List the serial number, federal

registration number, make, year, model, size, power and value of all aircraft owned on January 1. Attach a separate sheet if necessary. Include additional information regarding avionics equipment, engine hours, condition and other documentation that may influence the aircraft value in the space provided. Do not list aircraft assessed as public service company property. **List aircraft used in the business of transporting persons or property for compensation or hire and not assessed as a public utility on Revenue Form 62A500, Schedule C. Taxation is based on the situs of the aircraft, regardless of the owner’s residency.**

Revenue Form 62A500-C

If on January 1 you have in your possession any consigned inventory that is held and not owned by you, you are required to complete this form and report the kind, nature, owner and value of all such inventory. If you are assuming the responsibility for the property taxes on the consigned inventory, you must report the value of such inventory on the tangible personal property tax return appropriate for your business activity. Consigned inventory must be valued using full absorption first-in-first-out (FIFO) costing. LIFO deductions are not allowable. A separate return is required for each location at which consigned goods are located. File the return as an attachment to Revenue Form 62A500.

Revenue Form 62A500-L

All persons and business entities who lease tangible personal property from others (e.g., lessees) are required to file the Lessee Tangible Personal Property Tax Return, Revenue Form 62A500-L. A separate return for each property location is required. File the return as an attachment to Revenue Form 62A500.

Provide all information requested. List the name and address of the lessor and the related equipment information, including the type of equipment, year of manufacture, model, selling price new, gross annual rent, date of the lease, length of the lease and purchase price at the end of the lease. Attach a separate schedule if necessary.

Revenue Form 62A500-W

Documented Watercraft — Boats registered with the United States Coast Guard, situated in Kentucky, are subject to personal property taxes. These must be listed on the Tangible Personal Property Tax Return (Documented Watercraft), Revenue Form 62A500-W, and filed with the State Valuation Branch or PVA in the county where the boat is situated. **Taxation is based on the situs of the boat, regardless of the owner’s residency.**

Do not list any commercial watercraft on this return. Commercial watercraft includes federally documented watercraft used in transporting people and/or property for compensation or hire. The documented watercraft classification does not include short-term leases or rentals of recreational watercraft. Documented watercraft used for hire or rented should be reported on Schedule C or with the Public Service Section.

Kentucky Department of Revenue Mission Statement

As part of the Finance and Administration Cabinet, the mission of the Kentucky Department of Revenue is to administer tax laws, collect revenue, and provide services in a fair, courteous, and efficient manner for the benefit of the Commonwealth and its citizens.

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

Property Classification Guidelines

List depreciable property based on its economic life. To assist taxpayers in determining proper economic life classification, a partial listing of the North American Industry Classification System (NAICS) codes follows. Property descriptions frequently used in these specific industries are listed under each code. Most businesses have property falling into more than one economic life classification.

GENERAL BUSINESS ACTIVITIES CLASS

General business purpose integrated computer systems and related peripheral equipment, such as computers, micro-processors, terminals, disk and tape drives, printers, data entry equipment and software. I

General administrative activities involving data handling equipment such as typewriters, calculators, adding and accounting machines, copiers and duplicating equipment, and fax machines. II

General administrative activities involving the use of desks, file cabinets, communications equipment, security systems, and other office furniture, fixtures and equipment. III

Only dozers, tractors, off-road trucks and loaders used in mining and construction. IV

NOTE: There is no single class for computers and related hardware used to control manufacturing processes.

NAICS Code Business Description Class

AGRICULTURE, FORESTRY FISHING AND HUNTING

	<ul style="list-style-type: none"> Logging equipment Office furniture and equipment, fork lifts Harvesting equipment Grain bins 	<ul style="list-style-type: none"> III III III III
111000	Crop production (including greenhouse and floriculture)	
112900	Animal production (including breeding of cats and dogs)	
113000	Forestry and logging (including forest nurseries and timber tracts)	
114110	Fishing	
114210	Hunting and trapping	

MINING

	<ul style="list-style-type: none"> Belting, continuous miner and roof driller Batteries, rockdusters, scoops and shuttle cars Below ground belt structure Office furniture and equipment, fork lifts Supply cars, underground locomotives, mine fans Electrical substations, personnel carriers Dozers, tractors, loaders, dump trucks, and highwall miners used in the mining business Above ground belt structure Coal/mineral processing equipment (used to wash, size and crush) Above-ground locomotives 	<ul style="list-style-type: none"> I I I III III III IV V VI VI
211110	Oil and gas extraction	
212110	Coal mining	
212200	Metal ore mining	
212300	Nonmetallic mineral mining and quarrying	

CONSTRUCTION

	<ul style="list-style-type: none"> Office furniture and equipment, fork lifts Barricades and warning signs Backhoe, unlicensed trailer and wagon Trenchers, boring machines, ditch diggers Dozers, tractors, off-road trucks and loaders Pulverizers and mixers Cranes and mobile offices 	<ul style="list-style-type: none"> III III III III IV V V
233110	Land subdivision and land development	
233200	Residential building construction	
233300	Nonresidential building construction	
234100	Highway, street, bridge and tunnel construction	
235110	Plumbing, heating and air-conditioning contractors	
235210	Painting and wall covering contractors	
235310	Electric contractors	
235400	Masonry, drywall, insulation and tile contractors	
235500	Carpentry and floor contractors	
235610	Roofing, siding and sheet metal contractors	
235710	Concrete contractors	
235810	Water well drilling contractors	

NAICS Code

Business Description

Class

MANUFACTURING

• Special tools (including jigs, molds, die cavities)	I
• Laser cutters	II
• Office furniture and equipment, fork lifts	III
• Small drill presses and small hydraulic presses	III
• Storage racks, maintenance equipment, conveyors, loaders	V
• Heavy equipment (presses, casting machines)	VI
• Above-ground tanks < = 30,000 gallons	VI

Food Manufacturing

• Juice extractors, peelers and corers, cutters	III
• Potato chip fryers, slicers and related equipment	III
• Palletizer, carts, flaking trays	V
• Dryer, steel bins, extruder, centrifuge MDL, blender	V
• Cranes	V

311110	Animal food manufacturing
311200	Grain and oilseed milling
311300	Sugar and confectionery product mfg.
311400	Fruit and vegetable preserving and specialty food
311500	Dairy product mfg.
311610	Animal slaughtering and processing
311710	Seafood product preparation and packaging
311800	Bakeries and tortilla mfg.
311900	Other food mfg. (including coffee, tea, flavoring and seasonings)

Beverage and Tobacco Manufacturing

• Casing, control and measuring instruments	III
• Brewing, blend and dispersion equipment	III
• Drying and flavor machines	V
• Fermentation, sterilization equipment and system	VI

312100	Beverages (including breweries, wineries and distilleries)
312200	Tobacco mfg.

Apparel, Textile Mills and Textile Product Mills

• Cleaning and micro dust extracting machines	III
• Laser cutter, microprocessor control equipment	III
• Boarding, dryers, knitting machines	III
• Textile mill equipment, except knitwear	V
• Carding, combing and roving machinery	V
• Sewing machine, cutter, spreader, tacker	V

313000	Textile mills
314000	Textile product mills
315100	Apparel knitting mills
315210	Cut and sew apparel contractors
315990	Apparel accessories and other apparel mfg.

Leather and Allied Product Manufacturing

• Storage racks and maintenance equipment	V
• Sewing machine, cutter, spreader, tacker	V
• Assets used in tanning and currying	V

316110	Leather and hide tanning and finishing
316210	Footwear mfg. (including leather, rubber and plastics)
316990	Other leather and allied product mfg.

Wood Products Manufacturing

• Saw-mill equipment	III
• Sanders, clamps and dust collectors	III
• Chippers, grinders and lathes	V
• Cutting, drying and wood presses	V

321110	Sawmills and wood preservation
321210	Veneer, plywood and engineered wood product mfg.
321900	Other wood product mfg.

Paper, Printing and Related Support Activities

• Bailer, shredder, selectronic imaging	III
• Collating, folding, labeling machines	III
• Feeders, binders and trimmer	V
• Non-automated presses	V
• Presses and assets used in pulps mfg.	VI

322100	Pulp, paper and paperboard mills
322200	Converted paper product mfg.
323100	Printing and related support activities

NAICS Code	Business Description	Class	NAICS Code	Business Description	Class
Petroleum and Coal Products Manufacturing			Machinery Manufacturing		
	• Fork lifts, scissor lifts and aerial lifts	III		• Forklifts	III
	• Trenchers, boring machines, ditch diggers	III		• Storage racks and powder booths, conveyors	V
				• Presses, casting machines	VI
324110	Petroleum refineries (including integrated)		333000	Machinery mfg.	
324120	Asphalt paving, roofing and saturated materials mfg.		333100	Agriculture and construction machinery mfg.	
324190	Other petroleum and coal products mfg.		333200	Industrial machinery mfg.	
			333310	Commercial and service industry machinery	
			333410	Air-conditioning, refrigeration equipment mfg.	
			333610	Engine, turbine and power transmission equipment	
			333900	Other general purpose machinery mfg.	
Chemical Manufacturing			Computer and Electronic Product Manufacturing		
	• Gas chromatograph, spectrometer, GLC, HPLC	III		• Forklifts	III
	• Injection and lost-core molding machine	III		• Drilling, grinding and tapping machines	V
	• Dryer, belt, kiln, mills	V		• Storage racks and powder booths, conveyors	V
	• Mixing and blending equipment	V			
325100	Basic chemical mfg.		334110	Computer and peripheral equipment mfg.	
325200	Resin, synthetic rubber and artificial and synthetic fibers		334200	Communications equipment mfg.	
325300	Pesticide, fertilizer and other agricultural chemical mfg.		334310	Audio and video equipment mfg.	
325410	Pharmaceutical and medicine mfg.		334410	Semiconductor and other electronic component mfg.	
325500	Paint coating and adhesive mfg.		334500	Electromedical and control instruments mfg.	
325600	Soap, cleaning compound and toilet preparation mfg.		334610	Magnetic and optical media mfg.	
325900	Other chemical product mfg.				
Plastics and Rubber Products Manufacturing			Electrical Equipment and Appliance Manufacturing		
	• Mandrels, lasts, pallets, patterns, rings and insert plates	I		• Coil and material handling equipment	III
	• Injection molding machine	III		• Drilling, grinding and tapping machines	V
	• Packers, sealers, labelers and label dispensers	III		• Gear cutting, forming and finishing machines	V
	• Storage racks and maintenance equipment	V		• Power presses, press brakes and shears	V
	• Extruders, kneaders, mixing mills, dryers	V			
	• Baling presses and separators	V			
326100	Plastics product mfg.		335000	Electrical equipment mfg.	
326200	Rubber product mfg.		335200	Household appliance mfg.	
			335900	Other electrical equipment and component mfg.	
Nonmetallic Mineral Product Manufacturing			Transportation Equipment Manufacturing		
	• Fork lifts, scissor lifts and aerial lifts	III		• Forklifts	III
	• Stone grinders and polishers	V		• Paint booths, conveyors	V
	• Gang saws, block cutter and diamond wire machines	V		• Presses, over-head crane	VI
	• Production of flat, blown, or pressed products	VI			
	• All other equipment used in glass and lime mfg.	VI			
327100	Clay product and refractory mfg.		336100	Motor vehicle mfg.	
327210	Glass and glass product mfg.		336210	Motor vehicle body and trailer mfg.	
327300	Cement and concrete product mfg.		336300	Motor vehicle parts mfg.	
327400	Lime and gypsum product mfg.		336410	Aerospace product and parts mfg.	
327900	Other nonmetallic mineral product mfg.		336510	Railroad rolling stock mfg.	
			336610	Ship and boat building	
			336990	Other transportation equipment mfg.	
Primary Metal Manufacturing			Furniture and Related Product Manufacturing		
	• Assets used in the smelting and refining	VI		• Saw-mill equipment	III
	• Rolls, mandrels, refractories	VI		• Sanders, clamps and dust collectors	III
	• Strand-slab caster, mill, temper rolling	VI		• Chippers and grinders, lathes	V
				• Cutting and wood presses	V
331110	Iron and steel mills and ferroalloy mfg.		337000	Furniture and related product mfg.	
331310	Alumina and aluminum production and processing				
331500	Foundries				
Fabricated Metal Products Manufacturing			Miscellaneous Manufacturing		
	• Welders and torches	III		• Laser cutters	II
	• Storage racks and powder booths	V		• Office furniture and equipment, fork lifts	III
	• Holding furnace, wire baskets	V		• Welders and torches	III
	• Grinders, lathes, saws, shears and cutters	V		• Storage racks and maintenance equipment	V
	• Bar feeders, bending and lapping machines	V		• Heavy equipment	VI
	• Extruders and stamping machines	VI		• Presses and casting machines	VI
	• Presses, casting machines	VI			
332000	Fabricate metal product mfg.		339110	Medical equipment and supplies mfg.	
332110	Forging and stamping				
332510	Hardware mfg.				
332700	Machine shops; screw, nut and bolt mfg.				
332810	Coating, engraving, heat treating and allied activities				
332900	Other fabricated metal product mfg.				
			WHOLESALE AND RETAIL TRADE		
				• Cash registers, fork lifts	III
				• Photography and developing equipment	III
				• Retail shelving	III
				• Small freezers	III
				• Office furniture and equipment	III
				• Racks and maintenance equipment	V
				• Walk in coolers	V
				• Above ground tanks <= 30,000 gallons	VI
			421000	Durable Goods	
			422000	Non-durable Goods	
			441000	Motor vehicle and parts dealer	
			442000	Furniture and home furnishing stores	
			443000	Electronic and appliance stores	
			444200	Building material and other supplies	
			445000	Food and beverage stores	
			446000	Health and personal care stores	
			447100	Gasoline stations	
			448000	Clothing and accessories stores	
			451000	Sporting goods, hobby, book and music stores	
			454000	General merchandise stores	

NAICS Code	Business Description	Class
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TRANSPORTATION AND WAREHOUSING

- | | |
|--|-----|
| • Fork lifts, packaging equipment | III |
| • Drum lifts, pallet turners, steel shelving, shrink wrap, conveyors | V |

481000	Air transportation
484200	Specialized freight trucking
493100	Warehouse and storage

INFORMATION SERVICES

- | | |
|--|-----|
| • Modulator, mutiplexer, oscilloscope | II |
| • Studio camera, VTR, earth satellite | III |
| • Audio mixer, analyzer, decoder, teleprompter | III |
| • Transmitter, antenna | III |
| • Tower | VI |
| • Fiber optic and coaxial cable | VI |

511000	Publishing industries
512100	Motion picture and video industries
512200	Sound recording industries
513000	Broadcasting and telecommunications
514100	Information services
514210	Data processing services

FINANCE AND INSURANCE

- | | |
|----------------------------------|-----|
| • Office furniture and equipment | III |
|----------------------------------|-----|

522000	Credit intermediation and related activities
524000	Insurance agents, brokers and related activities

RENTAL AND LEASING

- | | |
|--|----|
| • Electronics, video tapes, DVDs and formal wear | I |
| • Consigned display fixtures | II |
| • Household appliances on lease | II |
| • Coin operated machines | II |
| • Other leased assets (see page 1) | II |

532210	Electronics and appliance rental
532220	Formal wear and costume rental
532230	Video tape and Disc rental
532310	General rental centers
532400	Equipment rental and leasing (<i>use appropriate classification from applicable industries</i>)

PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES

- | | |
|--|-----|
| • Chromatographs and spectrometers | III |
| • Packed columns and capillary columns | III |
| • Film processor, enlarger, print washer, film dryer | III |

541100	Legal services
541211	Office of certified public accountant
541310	Architectural and engineering services
541380	Testing laboratories
541400	Specialized design services
541510	Computer systems design services
541800	Advertising and related services
541920	Photographic services
541940	Veterinary services

ADMIN AND SUPPORT AND WASTE MANAGEMENT SERVICES

- | | |
|--------------------------------------|-----|
| • Waste and trash containers | III |
| • Compactors and recycling equipment | V |

561300	Employment services
561430	Business service centers (includes copy shops)
561440	Collection agencies
561500	Travel arrangement and reservation services
561710	Exterminating and pest control services
562000	Waste management and remediation services

NAICS Code	Business Description	Class
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HEALTH CARE AND SOCIAL SERVICES

- | | |
|--|-----|
| • Magnetic Resonance Imaging (MRI) | I |
| • Electro-cardiograph, X-ray and fluoroscope, dental units | III |
| • Dental lathes, trimmers and instruments | III |
| • Sterilizers and X-ray developers | III |

621100	Office of physicians
621210	Office of dentists
621300	Offices of other health care practitioners
621400	Outpatient care centers
621510	Medical and diagnostic laboratories
622000	Hospitals
624000	Social assistance services

ART, ENTERTAINMENT AND RECREATION

- | | |
|---|-----|
| • Billiard table, automatic pinsetters, time recorder and scorekeeper | III |
| • Amusements, rides, booths and other attraction equipment | V |

711100	Performing arts companies
711510	Independent artists, writers and performers
712100	Museums, historical sites and similar institutions
713100	Amusement parks and arcades

ACCOMMODATION AND FOOD SERVICES

- | | |
|---|-----|
| • Glassware, silverware and slicer | III |
| • Laundry washer and dryers | III |
| • Beverage dispensers and coffee makers | III |
| • Small freezers, fryers, grills and microwaves | III |
| • Beds and linens | III |
| • Small freezers | III |
| • Ovens | V |
| • Safes | V |
| • Walk in coolers | V |

721110	Travel accommodation
721210	RV parks and recreational camps
721310	Rooming and boarding houses
722110	Full-service restaurants
722300	Special food services (contractors and caterers)
722410	Drinking places (alcoholic beverages)

OTHER SERVICES

- | | |
|--|-----|
| • Dry cleaning machine, laundry machine, presser | III |
| • Film processor, enlarger, print washer, film dryer | III |
| • Body lifter, refrigerator, mausoleum lift, embalming table | III |
| • Steel chair, dryer, hand tool set | III |
| • Tanning beds and booths | III |
| • Automotive, diagnostic and machining equipment | III |
| • Hoists, disk lathes | V |

Repair and Maintenance

811110	Automotive mechanical and electrical repair
811120	Automotive body, paint and glass repair
811310	Commercial and industrial equipment repair
811410	Appliance repair and maintenance
811420	Reupholstery and furniture repair
811430	Footwear and leather goods repair

Personal and Laundry Services

812111	Barber shops
812112	Beauty salons
812113	Nail salons
812210	Funeral homes and funeral services
812220	Cemeteries and crematories
812310	Coin-operated laundries and dry-cleaners
812320	Dry-cleaning and laundry services
812330	Linen and uniform supply
812910	Pet care (except veterinary) services
812920	Photo-finishing
812930	Parking lots and garages